

Majesty Travel, Viajes Majesty or, later, Galaxy Properties Management, to rent the room in exchange for guaranteed payments to the investor. Almost all of the lease purchasers chose the third option under which World Phantasy Tours guaranteed investors an annual return as high as 11 percent, regardless of whether the room was actually rented. Kelly and others promoted the investment as carrying little risk by promising to buy back the universal lease at any time at a slight discount and further promising to pay back 100 percent of the purchase price in as little as either two or three years, according to the charges.

Between 1999 and 2004, Kelly regularly met with salesmen and prospective purchasers to explain the lease terms, often as part of an all expenses paid trip to Cancun. Many of the leases were sold to retirees who found the promised high fixed rates of return, coupled with the reported safety of the buy out (or repurchase) provision, to be an attractive investment. In the offer and sale of both the promissory notes and the leases, Kelly and others allegedly made and caused to be made material misstatements and omissions about the return on investments, the guaranteed nature of the returns, and the liquidity and risks of the investments. Kelly and others concealed from investors that the ability to make promised payments depended on continually raising funds from new investors and using those funds to pay earlier investors, the charges add.

Anyone who suspects that he or she might be a victim in this case and has not already received a victim survey from the U.S. Attorney's Office, should submit their name and address to usain.victim.mk@usdoj.gov. Persons without internet access may call a toll-free number – (866) 364-2621 – and leave a message with the spelling of their name and an address, and a form will be mailed to them within two weeks.

The government is being represented by Assistant U.S. Attorneys Edward Kohler, Daniel Gillogly and Benjamin Langner.

